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WHY PLANNING MAY FAIL

Considering the Role of Organizational "Bounding" in Public Agency Strategic Planning

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ABOUT THIS PAPER:

With increased interest in improving planning by public agencies, it is relevant to consider some of the factors that may lead to planning process and implementation failure. A better understanding of these factors can provide insight into the planning process, the development of better planning techniques, and the identification of situations that are less amenable than others to strategic planning.

While many authors have considered the difficulties inherent in strategic planning and why these plans may fail to achieve all that the proponents of strategic planning suggest they should, this paper considers the nature of strategic planning and plan failure from the perspective of the plan as a tool for decision making, finding that aspects of bureaucracy noted by Downs (1994) as well as concepts arising from various "neo-institutional" frameworks may provide additional insight into why public agency strategic planning efforts sometimes fail.

Deciding and Planning

Because no policy can be conceived, no effort planned, no program implemented, no resource allocated, and no objective met in the absence of some individual or collective decision, it is intuitive that actions *begin* with decisions. This means that decision making is not just fundamental to the administration of organizations but central to their planning.

Since a decision involves an allocation or resources between two or more alternatives that is irrevocable in the absence of another decision (Spradlin, 2004), it is central to our understanding of planning to recognize how decisions are made, how the process of deciding affects agencies and agencies affect planning, and how these effects might impede or advance organizational performance.

Deciding is as important to public agency plans as it is to private ones, but in a somewhat different way due to the political nature of governance. Grizzle (1998, pp. 224-227), for example, points out that in the public sector there exist both "partisan-political" actors — politicians and interest groups — and "rational-analytic" actors — such as budget bureaus — who are involved in government's deciding. Both expect the plan to include prudent decisions that balance political and analytic interests, but the importance of decision making to planning in government is suggested by the fact that it is more than a supposition that the policy makers intend that the legitimate demands of their various constituencies be satisfied and, more often than not, the satisfaction of these demands has a cost associated with it of interest to both the political actors and the analytic ones. But because of the unique nature of public service, the environment in which the planner finds him or herself in dealing with these competing demands is often one of high ambiguity and wide administrative discretion, with few legislated sign-posts available to lead the way.

In order to help the planner make better decisions in the midst of ambiguity, various tools are used. These include such things as cost-benefit analysis, operations research, network analysis, various budgeting schemes, *and* strategic planning.

How, then, do decisions get made in public agencies and what within the bureaucracy itself might constrain them?

The 'Rational' Answer

Beginning early in the 20th Century the public administration literature was driven by the reformism of the Progressive Movement, which argued for a more rational approach to public policy decision making that would take political "moods" out of the equation by focusing on "greater degrees of centralization, technical sophistication, and comprehensiveness" (Swain and Hartley, 2001, p. 12). Stone (1997, p.232) has called the focus on rational methods of decision making the hallmark of contemporary policy analysis, where, "Problems are cast as a choice between alternative means of achieving a goal, and rationality means choosing the best means to attain a given goal". In this approach, all policy problems become a subspecies of a single meta-problem for planning: how do we make decisions that will attain given goals? How should we plan?

In answer to these questions a more rational model of deciding was proposed. It saw the decision maker as some one (or some firm, organization or other entity) who must choose a course of action in order to achieve a desired end, and best do this not by yielding to political winds but by going through a sequence of consecutive mental operations to arrive at the best decision. These steps are generally seen as including: (1) defining the organization's goals; (2) imagining alternative means for attaining these goals; (3) evaluating the consequences of taking each course of action; and (4) choosing the alternative most likely to attain the goals (Stone, p. 233). Carried to its logical extreme, "the ideal of perfect rationality would require a person to consider all possible alternatives (an infinite number), and evaluate all the possible consequences of each" (Stone, p. 253).

But attention must be drawn to the similarity between the steps suggested for a rational decision under this model and the stages of most planning models (for example, Bryson, 1988; Bryson and Alston, 1995; Goodstein, Nolan and Pfeiffer, 1993; Steiner, 1979; Thomsett, 2002), as this similarity is not coincidental. For example, Bryson alludes to the four aspects of the rational decision model in his basic definition of strategic planning:

> …we define strategic planning as a disciplined effort to produce fundamental decision and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it. *At its best, strategic planning requires broad-scale information gathering, an exploration of alternatives, and an emphasis on the future implications of present decisions.* (Bryson, 1988, p.5. Italics added).

Steiner even stresses the rationality behind planning by contrasting formal strategic planning with what he calls the "intuitive-anticipatory" or "Micky Finn" approach:

> If an organization is managed by intuitive geniuses there is no need for formal strategic planning. But how many organizations are so blessed? And if they are, how many times are intuitives correct in their judgments?" (Steiner, pp. 8-9)

The implication is, not often.

Since rationality was seen as yielding better decisions, rationality in the planning process was seen as being critical to planning success. As March (1994, p. 1) put it, "[b]y far the most common portrayal of decision making is one that interprets action as rational choice." Rationality assumes that the decisions that we make involve processes that are *consequential*, in the sense that decisions we make now are expected to affect the future, and they are *preference-based*, in the sense that the consequences of the decisions we make reflect preferences that we have about the future. This notion of decision making is directly relevant to strategic planning, as this planning assumes that if we are able to identify the future we prefer, and then make orderly and appropriate decisions that best apply alternatives to our expectations and preferences, we will be able to create the future we prefer; or at least a future that is closer to our preferences than might occur in the absence of our planning. Planning, then, provides focus for a set of current decisions that are expected to shape future conditions, as well as a linkage between and among the various decisions we make.

As a result of this rationalist orientation, planning, particularly strategic planning, came to be seen as a tool for rational decision making as it established a set of procedural steps (along with broad-scale information gathering) that if followed would lead to more insightful, if not fully-preferred, outcomes.

But by the 1950's the supposition of a strictly construed rational decision model was being challenged. The question was being raised as to how a decision could ever be made if rationality required the rigor that the decision model suggested: a review of all possible options and all the possible implications of these options. We know that decisions are made, and often made well. How then do decisions actually come about?

The Rational and Its "Bounds"

In 1959, Charles Lindblom offered an alternative model as a response to the contention that public policy decisions are based (or should be based) upon a structured rationalism in which decision makers strive to consider each-and-every problem, as well as each and every solution, and then come to a rational conclusion regarding the prioritization of these problems and the selection of appropriate solutions. Lindblom's alternative (sometimes called "muddling through" or, more formally "Incrementalism"), which was preceded by Simon's "bounded rationality" (Simon, 1955; March and Simon, 1958), dominated the literature of public administration for at least three decades and continues to be influential today.

Lindblom and those who extend his work argue that decision makers cannot take the approach offered in its complete form by the rational model because decision making is "bound" by (i) the limited cognitive capacity of the decision makers, (ii) the amount of time they have to make a decision, and (iii) the limited decision making strategies available to them. This leaves them unable to make all of the calculations necessary to support the strictly construed rational approach. Because of these bounds, *guesses* must often be made.

March notes that within rational processes:

> ...choice depends on what alternatives are considered and on two guesses about the future: The first guess is a guess about future states of the world, conditional on the choice. The second guess is a guess about how the decision maker will feel about that future world when it is experienced. (March, p.3)

In this case decision makers are assumed to choose among alternatives based upon certain assumptions they must make, and instead of calculating the "best possible" action, they search for an action that is "good enough". Rationality becomes bounded by limitations inherent to the decision *maker,* the decision *situation*, and the *environment* in which the decision is made.

But if the decision maker's deciding is bounded, would this not mean that strategic planning as a decision tool is also bounded? The short answer must be "yes". Given that the strategic planning process itself requires a series of inter-related yet discrete decisions (guesses), all of which are bounded in various ways, the planning process as well as the product of the process — the plan — must be bounded as well. This would be less of a problem if the process were self-correcting, but instead it may be *self-confirming,* masking the limitations of the plan. As March writes, using budgeting — a form of planning — as an example:

> Plans are developed on the basis of expectations of the future, then are implemented in such a way as to enact the future they anticipate. Budgets are a conspicuous example. Budgets are based on forecasts of income and expenditures. Sometimes the world changes so much that a budget cannot be achieved, but the usual situation is that budgets become self-confirming. If income and expenditures start to deviate from the plan, actions are taken to bring them back. If sales lag, new marketing efforts are initiated. If expenditures lag, new uses of funds are discovered. The prototype is the flurry of expenditures to exhaust a budget at the end of a budget period. (March, 1994, p. 79)

One is never able to separate the success of the organization's plan from the success of the efforts of the organization's administrators to work within *or* in spite of it.

Not withstanding the bounding effect of decision making on planning, various authors have commented on the positive aspects of strategic planning in organizations. For example, in his work regarding strategic planning in public and non-profit agencies, Bryson (1988) points to studies that indicate that strategic planning can help organizations: think strategically and develop effective strategies; clarify future direction; establish priorities; make today's decisions in light of their future consequences; develop a coherent and defensible basis for decision making; exercise maximum discretion in areas under organizational control;

make decisions across levels and functions; solve major organizational problems; improve organizational performance; deal effectively with rapidly changing circumstances; and build teamwork and expertise (Bryson, pp. 11-12). An impressive list, indeed!

And these positive aspects are not fundamentally different from the benefits suggested by other authors (for example, Goodstein et al., 1993, and Steiner, 1979). The suspected benefits are such that one study that examined five components in the delivery of public services in state government included a state's ability to plan strategically as indicative of its ability to manage for results (Thomas, 1999, p, 32).

But even those who contend that strategic planning is beneficial note that there is no guarantee that the benefits will be realized in practice (Bryson and Alston, 1995, p. 4-5). Ringle and Updegrove speak for many when, considering strategic technology planning at universities, they write:

> In most cases, …efforts follow the traditional model of institutional planning: that is, a committee or taskforce gathers information, conducts interminable discussions about what the institution needs, and ultimately drafts a huge document that meets with overwhelming approval by the three people who actually have time to read it. The relevance of the document to day-to-day operations, the quality of services, and the implementation of new initiative is often questionable, although, oddly enough, few people seem concerned about this. (Ringle and Updegrove, 1998, p.18)

So if strategic planning is anticipated to have significant benefits for an organization, why does it so often result in the outcomes Ringle and Updegrove suggest?

Some Components of Plan Failure

Three logical suppositions arising from a consideration of planning in the context of decision making appear to be important in the consideration of plan failure.

First, and as noted previously, *planning requires decisions*. No plan can be created in the absence of decisions. At the strategic level (and we draw a distinction here between strategic planning, which generally answers the question "What ought we to do?", and operational or tactical planning, which answer the question "How ought we to do it?"), planning requires the enterprise to: (a) select from and define goals, selecting those that best fit its mission; (b) imagine alternative means for attaining these identified goals and then select the best alternatives; (c) evaluate the consequences of taking each course of action and decide on the best array of anticipated consequences; and (d) choose the alternative most likely to attain the goal. These are actions that all require *organizational* decisions.

And deciding requires *choices and judgments*. These judgments and choices — which may be informed guesses — are made in the context of the individual decision makers *and* the organization for which the plans are being made. As informed guesses, judgment and choice involve two different kinds of decisions that can produce different outcomes at different times and with different methods even within the same organization (Carroll and Johnson, 1990, p. 230). This being the case, they are predicated on the experiences and determinations of the individual decision makers and the organization's identities, biases, rules and heuristics (March, 1994).

But, these *choices and judgments are limited or "bounded".* As Janis (1989, pp. 14-19) contends, they are limited by: (a) the *cognitive* constraints (e.g., limited time, the decision maker's lack of knowledge and expertise) mentioned previously; (b) *egocentric* constraints (the motives of the decision makers); and (c) *affiliative* constraints (the needs of the organization as a whole).

While the first component may be due to innate limitations on the decision maker, the others may be seen as being related to the *organization* of which he or she is a part.

For example, Mintzberg (1994) has probably provided one of the most complete critiques of strategic planning as both a process and a technique. While he notes some specific “pitfalls of planning” (see pp. 159-201), in the main he sees failure as arising from the programmed and “calculating” nature of most planning efforts that lead planning away from organizational vision and learning, which he calls “strategic thinking” and sees as very useful. This leads planners to argue — incorrectly according to Mintzberg — that planning fails due to a lack of top-level support and resistance to change. While this may sometimes be true, Mintzberg identifies three fallacies of strategic planning that he believes inherently lead to plan failure:

- The Fallacy of Prediction. While strategic planning requires prediction, it is impossible to predict with any useful accuracy because we are limited in our ability to predict discontinuities and bounded by the base of information available to us when the planning is being done. This is not dissimilar to the sort of bounding limitations discussed above in reference to Lindblom and others.
- The Fallacy of Detachment. For the plan to be implemented, strategy must be detached from tasks and be deliberate. But it is not often possible for strategy to be detached from task and, while strategies can be deliberate, they are most often emergent. This critique seems similar to the problem of plan self-confirmation that March addressed.
- The Fallacy of Formalization. This fallacy is seen as arising from the fact that while strategic planning pressures the establishment of a “system” of action by virtue of the plan, formal systems fail to do better than human beings, and perhaps do worse at complicated tasks, as they cannot internalize, comprehend and synthesize the wide array of information encountered by the organization, let alone the discontinuities in the organization’s future that the plan did not anticipate.

The fallacies of Detachment and Formulation appear to make the role and nature of the organization itself a bounding factor in plan success. Indeed Mintzberg’s solution to the inherent problems of strategic planning is to conduct planning in the context of the nature or “form” of the organization for which planning is to be done (pp. 397-416).

But what still may be missing in this analysis of plan failure is a clear understanding of the innate constraints that the organization itself can place on the planning effort that binds or limits its success. Remember that the fundamental framework for the planning process assumes some degree of rationality, and if this rationality is bound by aspects of the organization, it becomes more difficult to achieve the expected results: the plan fails.

This paper began by suggesting that planning is an outcome of the portrayal of decision making as rational choice, but that this rationality is inherently bound. March (1994, p. 8) contends that this is primarily because, as real-world studies of decision making suggest, not all of the alternatives are known, not all of the consequences are considered, and not all of the preferences are evoked at the same time. Mintzburg furthers this argument as it relates to strategic planning, arguing that planning fails because it does not take into account the nature of the organization.

With this as background it might be useful to consider four additional constraints, or bounds, on planning that arise from the basic nature of the organization and its environment.

How Organizations Can Bound Planning

If, as Mintzberg contends, organizations have a bounding effect on planning that can lead to plan failure, it is important to understand what some of these aspects may be.

Four will be suggested here, drawn primarily from the work of Downs (1994), for the purpose of framing future inquiry: (1) the nature of the organization arising from its creation and age; (2) the limiting biases of its officials; (3) the difficulty of control and plan implementation; and (4) “theory failure” within the organization itself.

The Nature of the Organization and Its Age Could Affect Planning Success

In his seminal study of bureaucracy, Downs (1994, p. 5) addressed the genesis of public agencies (calling them "bureaus"), arguing that they can be created in four different ways:

- *Routinization of charisma.* In this case a bureau develops around a charismatic leader who then develops the organizational structure based upon his or her ideas.
- *Due to function.* Bureaus come into being to address a specific task or function.
- *A split from another organization.* A new bureau may develop by being spun-off of, or disconnected from, an older, parent organization.
- *Through entrepreneurship.* A group promoting a particular policy gains enough support to establish a new bureau dedicated to the policy.

Before considering how the genesis of an organization can influence planning, it is important to understand that Downs contends that all of these organizations have three things in common: (1) the organization is initially dominated by "advocates" or "zealots"; (2) it normally goes through an early phase of rapid growth; and (3) it must immediately begin seeking sources of external support in order to survive (Downs, p.5).

To the extent that strategic planning is seen as a rational enterprise in which a broad array of information must be brought together to assess alternatives, the existence of advocates or zealots in the early stage development of the organization could become a major factor in plan failure.

Downs contends that in the vast majority of cases an organization is created because of the active agitation by a group of advocates or zealots who want to put into practice a particular idea on a large scale. The four bases for the creation of organizations, noted above, give support to this contention. Charismatic and entrepreneurial organizations clearly spring from this foundation, and it is arguable that organizations developing around a new function or split from an existing organization do so only to the extent that proponents exist in support of the importance of the new function or the need to divorce a new organization from its "parent". In either case, one would have to wonder about the degree to which an advocate or zealot would entertain the sort of strategic planning process advocated by Bryson and others if the process leads to outcomes that do not support the zealot's or advocate's views, and their willingness to implement such a plan should the planning be effectively completed.

And in new organizations planning may be challenged by the organization's struggle for autonomy. As Downs writes:

> No bureau can survive unless it is continually able to demonstrate that its services are worthwhile to some group with influence over sufficient resources to keep it alive. If it is supported by voluntary contributions, it must impress potential contributors of its desirability of sacrificing resources to obtain its services. If it is a government bureau, it must impress those politicians who control the budget that its functions generate political support or meet vital social needs. (Downs, p.7)

The survival of the new organization is often precarious, so it tends to adopt two strategies to ensure its survival. The first is to develop consistent and even routinized relations with those offering support, and the second is to carry out certain social functions that tie the new organization to its base of support (Downs, p.8). This creates a certain amount of inertia to keep generating the external support it needs, but does not allow the organization to respond to the sorts of discontinuities of which Mintzberg warns. If Downs is correct in his analysis of the organization and Mintzberg correct in his critique of strategic planning, the new, growing organization is left with a peculiar planning dilemma. If it plans around its need to develop consistent and routinized relations with those whose support it must have in order to survive, it will not contemplate the potential discontinuities that may also affect its existence. However, if it develops and implements plans based upon potential discontinuities — particularly discontinuities related to its base of support — it may lose the support it has.

Consider the situation faced by the administrator of a new not-for-profit organization created to manage a particular event, perhaps an outdoor festival intended to compete with an existing indoor event. To obtain the support this new organization needs to survive, it must continue, as well as strengthen, its ties with the external and internal advocates and zealots that led to its creation by providing the seed money necessary to establish the organization and its event in the first place. The administrator is aware that while the original advocates of the outdoor festival can be counted on to provide 20 percent of its on-going funding, 80 percent of the funding must come from that generated by the success of the festival itself. But the administrator is also aware that a simple period of bad weather — a discontinuity beyond his or her control — could result in the cancellation of the event. In such a situation the organization could not survive financially. What is the administrator to do to address this potential discontinuity both strategically and operationally? Operationally he or she might plan for an alternative indoor event, but this could lead to the strategic loss of support by the advocates of the outdoor event who still provide 20 percent of the funding (and also bring the new event into direct competition with the existing indoor event), or continue to disregard the chance of bad weather, putting a speculative 80 percent of revenue at risk. The end result may very well not be a decision based upon strategic planning as it is typically perceived. In fact, this situation may very well lead the planner to complain that planning failed because of a lack of top level support and resistance to change, just as Mintzberg suggests.

And just as the nature of the genesis of the organization can affect its relationship with internal actors (what Downs terms "intrabureau" behavior), influencing the success or failure of strategic planning, the same dynamics exist when it comes into contact with external ones (the "interbureau" level), also influencing planning. Downs points to the general effects of territorial sensitivity within and among organizations, and expresses this by way of his *Law of Interorganizational Conflict*: "Every large organization is in partial conflict with every other social agent it deals with" (Downs, p. 216). This occurs because every administrator must conduct her or his activities within a "territory" and seek to:

> ...expand the borders of his various zones in policy space, or at least to increase his degree of influence within each zone (especially within his interior). Merely trying to maintain the *status quo* implies a desire to prevent significant changes in and around one's heartland. This in turn implies trying to increase one's influence over the interior fringe. Even "pure conservatives" are imperialists in policy space. Hence, whenever social agents interact, their individual imperialisms are bound to create conflicts between them, although their relations as a whole may be dominated by cooperation. (Downs, p. 216)

This territoriality is seen by Downs as directly affecting planning, with the organization effectively left with two options to minimize conflict: (1) the organization can narrow its proposed actions so that they affect fewer external agents; or (2) ignore all other social agents in making its plans and attempt to carry them out without regard to the interests of the external agents. One can see how this might play out in the festival example offered above. Both of these responses would be inefficient in relationship to what an unbiased official might do. The first option, narrowing the scope of action that might be included in the organization's plans:

> ...takes insufficient advantage of real interdependencies, and that leaves socially desirable economies of scale unexploited. We have labeled this form of biased behavior the *shrinking violet syndrome*. But at least the officials using this approach take some account of relevant interdependencies. (Downs, p. 217: Italics in original.)

The second option, ignoring other agents, is seen as leading to the adoption of unrealistic policies. Downs specifically relates this to some planners:

> Ostensibly, their proposals are extremely broad in scope, building upon numerous interdependencies that they perceive in theory. However, they wish to avoid the difficulties of adjusting these policies to the real demands of other social agents. Hence they do not check with those agents to find out whether their assumptions are feasible.
>
> Such grandiose but impractical policy formation is actually a very common phenomenon, particularly among officials entrusted with long-range planning. For example, city planners are notorious for designing master plans that call for absurdly unrealistic behavior on the part of other agents (such as massive expenditures on parks and perfect law enforcement). We will refer to this too broad approach as the *superman syndrome*. (Downs, pp. 217-218. Italics in the original.)

But the effect of the age of the organization on planning is felt not only in the early years, but also as the organization matures. Downs contends that organizations, like people, change in predictable ways as they age. For example, organizations learn to perform certain tasks better with experience. But from a planning point-of-view, other aspects of organizational maturity are important to plan failure or success.

First, Downs offers that as organizations grow older they tend to develop a more formalized rule system covering more-and-more of the possible discontinuities they may face (pp. 18-19). These rules have three major effects:

(1) They improve the performance of the organization regarding situations it previously encountered, making the behavior of the parts more stable and predictable to other parts.

(2) They tend to divert the attention of the organization's officials from achieving social functions to conforming to the organization's rules.

(3) They increase the organization's structural complexity, which in turn strengthens organizational inertia because of the resources it has already invested in its current procedures.

The result is, according to Downs, resistance to change that further, "...reduces the bureau's ability to adjust to new circumstances. Consequently, older bureaus tend to be more stable and less flexible than young ones" (Downs, p.19). From a planning perspective this creates a new dilemma, in that the rules established by the mature organization help in decision making, which as noted earlier is critical to planning, but they do not help the organization plan for discontinuities due to the investment in policies and procedures that has already been made, weakening the potential for plan success.

For this reason March (p. 11-15) suggests that decision makers tend to adopt four different strategies to address their limitations:

- *Editing*: Decision makers tend to edit and simplify problems before making a choice, reducing the scope of the decision and decision alternatives to be considered.
- *Decomposition*: Decision makers break down large problems into their component parts, and then address the components rather than the problem as a whole.
- *Heuristics*: Decision makers seek to recognize patterns in the situations in which they find themselves and then apply rules of appropriate behavior to these situations based upon situations they have encountered in the past.
- *Framing*: Decisions are framed by beliefs that define the problem to be addressed, the information that must be collected, and the dimensions that will be evaluated. Problems tend to be framed narrowly rather than broadly.

One can see how these approaches differ from those suggested by Bryson, noted above, as fundamental to strategic planning. While these strategies may aid the organization in general decision making or in addressing plan discontinuities once they present themselves, they do not aid in the decision making needed for strategic planning.

Nor does the strategic planning process address the inherent organizational conservatism that Downs (pp. 19-20) sees as going with organizational maturity. He notes that as an organization ages its officials become more willing to modify the organization's original goals if this will further the growth and survival of its administrative machinery. This is seen as a means by which the organization's officials — who do not wish to find a new job, lose rank, or move to a new organizational structure — can change the organization rather than admit that the organization's original goals have been met or are no longer relevant. Keep in mind that the influence of the organization's administrative officials goes up as the organization ages because as the organization grows older, the number and proportion of administrative officials tends to rise as well. As Downs points out:

> If a bureau experiences a period of relative stability in total size following a period of rapid growth, the average age of its members tends to rise as the bureau grows older. This tends to increase the influence of conservers in the bureau, for many officials of other types are likely to become conservers as they grow older…These effects of age upon a bureau lead to the Law of Increasing Conservatism: All organizations tend to become more conservative as they get older, unless they experience periods of very rapid growth or internal turnover. This principle is especially applicable to bureaus because they are relatively insulated from competition. (Downs, p.20.)

On its face one might think that this willingness by administrators in mature organizations to adopt new goals would be beneficial to strategic planning. Unfortunately, and as Downs suggests, any such flexibility on the part of the administrators is seen as a way to maintain administrative power and growth, not to meet any policy-related strategic purpose. One might wonder, for example, how the administrators in a mature organization would react to a strategic plan that had as its central goal the phasing-out of the organization. Granted, a well-crafted strategic plan should recognize the nature of the mature organization and the desires of its administration — taking these into account in strategy development — but that in itself would be an admission that the planning process has been bound by the nature of the organization, overlooking some rational alternatives and limiting the scope of the goals it might achieve.

The Bounding Effect of Organizational Biases

We have already addressed some of the limitations on decision making that the Incrementalists argue reduces the efficacy of the rational decision model, and how these limitations create *ipso facto* limitations for strategic planning. Downs (pp. 75-76) agrees with the Incrementalists that human decision making is bound in a number of ways, including: limits on time; limits on the amount of information that can be considered at any one time; and limitations on the number of problems and decisions an administrator can entertain at any one time. But Downs further contends that organizational behavior is limited by the biases of the organization and its officials. He notes that:

> …all large organizations are not teams, but coalitions. A team is a group of persons working together who have identified goals. A coalition is a group of persons working together who have some but not all goals in common. They need not give their common goals the same relative weight in their individual preference structure. (Downs, p. 76.)

At first blush this would seem to argue in favor of strategic planning given that three of its stated purposes as noted by Bryson are to make decisions across levels and functions, solve major organizational problems, and build teamwork and expertise. However the organization is additionally bound by its biases.

Each administrator in the organization has a set of specific goals associated with that official's own personal self-interest. This being the case, every member of the organization has goals at least somewhat different from every other member, and often different from the organization as a whole. We have already considered one aspect of this in addressing inter– and intra-bureau territoriality. The resulting divergence in goals within the organization gives rise to conflicts of interest that result in "biased" behavior. The bias considered here is not a bias that arises from differences in ability, taste or personality, or from variations in goals, but from variations in capabilities. Downs explains this bias in the following way:

> Biases abound in our theory. An official's overall bias measures the difference between the way he actually performs his roles in the bureau and the way he would perform them if his goals were identical with the formal goals of the organization. His specific bias is always relative to some other particular official. It measures the way he actually performs his roles and the way he would perform them if his goals were identical with those of the other official concerned (usually his immediate superior or the topmost official in the bureau)…"organizational goals" do not arise because the organization has a real personality independent of its members, or any "collective life" of its own. Rather they result from compromises among some or all individual members, who agree to adopt a formal set of goals not identical with the personal goals of any one of them. (Downs, p. 77.)

This in turn generates four major biases within the organization that can affect planning (Downs, p. 77-78):

1. "Each official tends to distort the information he passes upward to his superiors in the hierarchy" in order to exaggerate favorably on themselves and to minimize those that reveal shortcomings.
2. "Each official tends to exhibit biased attitudes toward certain of the specific policies and alternative actions that his position normally requires him to deal with" in order to advance his own interests and the programs he advocates. This is reflected in how she or he: (a) advises superiors on the desirability of certain policies suggested by her or his superiors or others; (b) initiates policies in his or her own area of responsibility; (c) makes innovations in ways to carry out existing policy; (d) selects the proper administrative rules to apply in situations of administrative ambiguity; (e) settles policy or other disputes; (f) makes budget recommendations; (g) carries out policies where discretion has been delegated to her or him by superiors; and (h) tries to change the organization's goals and behaviors.
3. "Each official will vary the degree to which he complies with directives from his superiors, depending upon whether those directives favor or oppose his own interest", for example, expeditiously carrying out those that support her or him while foot-dragging on those that do not.
4. "Each official will vary the degree to which he seeks out additional responsibilities and accepts risks in the performance of his duties, depending on his own particular goals."

The implications of these internal organizational biases to the planning process and plan implementation (and therefore plan success) are apparent. Strategic planning and plan implementation must rely heavily on the willingness of members of the organization to share information, take on new roles, adopt new strategies, and change the nature and scope of organizational goals. The willingness of members of the organization to do such things voluntarily without constant administrative oversight, regulation and exhortation is central to organizational success and is typically the hallmark of "leadership". But to the extent that these biases are inherent to organizations, as Downs contends, they create a very fragile environment for strategic planning and plan implementation. They may even lead to the planning process and plan implementation becoming captive of certain members of the organization for, as Downs contends, certain types of administrators are more aggressive in taking such initiatives than others. For example, Downs sees what he calls "climbers" as being far more aggressive than "conservers". Since the more aggressive administrator (i.e., a "climber") is far more willing to take on additional work that is directly beneficial to his or her own goals and will normally try to avoid or discredit actions that weaken his or her ability to achieve personal goals, this administrator may attempt to capture the planning and implementation process if they are seen as a way to advance the administrator's personal interests or ambitions.

This internal bias directly affects both the general search for information of use in planning as well as the search for alternatives. Remember that when an administrator finds that her or his personal goals are in conflict with the organization's, his or her "perceptual apparatus will partially screen out data adverse to his interests, and magnify those favoring his interests" (Downs, p. 180). Equally, when alternatives are considered each official will tend toward giving particular preference to alternatives favorable to his or her interests as well as to those about which an adequate consensus can most easily be established. Because of the costs involved in overcoming these problems, Downs finds that:

> ...it is often more rational for a bureau to choose from a set of alternatives it has already assembled than to expand that set, even if such expansion might provide it with the additional choices markedly superior to those now facing it...This implies that the order in which alternative actions are assembled and evaluated may have an extremely important impact on what an organization eventually does. If the first set of alternatives considered contains at least one that closes the performance gap, the bureau may never discover other alternatives that would not only close the gap, but also provide a new higher level of performance. (Downs, p. 180).

Since relatively simple proposals are much easier to discuss and obtain consensus upon than complex ones, and since existing organizational goals usually represent a previously developed, consensual organizational view-point about which there is already some administrative comfort, one would expect that changes coming out of the planning process — strategic or otherwise — would most often represent only incremental adjustments to the *status quo*. This is as Simon, Lindblom and others would contend, drawing from the assumptions that under-gird the concept of bounded-rationality. A strategic plan developed in such a setting may be useful, but it is doubtful that it would meet the goals that Bryson and others suggest for strategic planning, and additionally doubtful that it would make good use of all of the organizational time, energy and resources that most strategic planning efforts require. Marginal adjustments across organizationally identified performance gaps may be just as useful when efficiency in use of planning resources is taken into account.

One should also recognize that the planner and the planning function itself are most often an administrative component of the organization for which the planning is being done, and the planner may even be hugely beholding to the "organizational slack" generated by his or her superiors (Downs, pp. 136-139). The planner is not immune to the organizational biases noted by Downs, which can directly affect plan success. Organizational success in many situations is dependent upon the nature and degree of goal consensus among the organization's members. The organization seeks to achieve goal consensus in many ways, for example by establishing mutual interdependence among its subunits or through organizational indoctrination. But Downs also argues that one of the ways that the organization achieves goal consensus is thorough selective recruitment (pp. 228-233). Since the organization depends greatly upon the nature and capabilities of its members, it is intuitive that the organization will recruit members that match its ideology and existing goals. As those involved in plan development and implementation — including the planner — represent the product of this selective recruitment, it is reasonable to expect that they represent not where the organization *might be* as the result of some strategic planning process, but an artifact of where the organization *was* at the time of their hire. Granted that people can grow in their jobs (and organizations can learn and change), but they must do so from the starting point of their entry into the organization. This becomes the platform of original organizational bias, and one that must be understood by the agency, and the planner, as an inherent bias to the strategic planning process.

The Difficulty of Control and Plan Implementation

While the comments made above are applicable to both the planning process and plan implementation, in most cases they will first manifest themselves by creating bounds for the process. Other characteristics unique to the organization have a more direct impact on plan implementation. Among these are problems associated with the basic nature of organizational control.

In frank conversations with public agency administrators one gets the impression that they feel that they are often charged with running two different organizations at the same time.

The first organization is full of bumbling, confused, buck-passing incompetents who regularly make stupid mistakes and constitute the left-hand that doesn't know what the right hand is doing. The second organization is one that is so filled with monolithic, power-hungry, bureaucratic schemers that it is a threat to personal liberty! The first organization is one in which the perception exists that centralized control is not present or not exercised, and the second is one in which there is such centralized control that the power of the bureaucracy can run rampant. These two conceptions are contradictory, but are often held in the same organization.

Of course organizations do not truly represent either example, and Downs contends (p. 132) that much of this difference in perception arises from whether the observer interacts frequently with the agency. Few organizations are as loosely controlled as the first perception would indicate, and few organizations are as monolithically controlled as the second. The organization is typically somewhere in the middle, with the topmost officials establishing policies and then delegating power to subordinates. Understanding the implications of this delegation is critical to understanding how control can affect plan implementation.

In the hierarchical, line-staff structure typical of most large organizations, direction is given by top officials to subordinates at the next level of administration to be passed along as sub-directives at the next level, and so forth. At each level these directives must become more specific, since tasks become more specific as the directive moves to lower levels of the organization:

> In this process, orders from the top must be expanded and made more specific as they move downward. There are a number of different ways in which these orders can be made more specific at each level, and each official has some leeway in selecting the one he will follow. Even if his superior has merely ordered him to propose a set of alternatives, an official exercises discretion in designing the choices he will present. (Downs, pp. 133-134.)

The result is that policies are defined at all levels of the organization, not just the top. Because of organizational biases and the rational self-interests of the administrators, a variance or divergence in organizational goals is created as direction is given throughout the organization. This goal "leakage" is not created by delegation *per se*, but by the fact that delegation is always accompanied by variances with the personal goals of administrators throughout the organization discussed previously. Since some leakage of authority occurs whenever orders are passed down through the organization, it becomes cumulative (Downs, p. 134). Small variances at the top of the hierarchy are exacerbated with the delegation of authority, becoming more striking in totality, with larger, more hierarchical organizations exhibiting more divergence than smaller, flatter organizations: the plan dies the "death of 1,000 cuts".

The impact of this divergence on strategic plan implementation is apparent. The strategic plan establishes a high order of goal and strategy development, but must be implemented through a series of operational plans that devolve to, and must be developed and implemented by sub-units of the organization. With each delegation and subsequent iteration, the plan as implemented becomes less like the plan as conceived (Mintzberg, pp. 60-62). Control is typically exercised by rule or measure, leading either to inflexibility in plan implementation — leaving the organization unable to effectively deal with discontinuities — or "management by measure" — which leads to an illusion of control (Mintzberg, pp. 175-176). Ultimately the plan fails because the organization is unable to implement the larger strategies identified through the planning process at various levels of administration, or fails because the organization must exert such command and control that it becomes inflexible in the face of changing circumstances or unexpected discontinuities.

One expects that this is why so much of the planning literature emphasizes that strategic planning does not replace strategic thinking and acting (for example, Bryson, p.2). But even so, what is lost is the understanding of organizational control as posed by Downs.

Even in the exemplary organization that is thinking and acting strategically, each administrator at each level of the hierarchy is thinking and acting from a different frame of reference which ultimately changes the implementation of the plan as conceived. In such an organization where a shared vision is held by all of the organization's members, strategic planning as it is most often offered may not even be necessary.

Theory Failure Within the Organization

So far this paper has addressed three factors that Downs sees as inherent to organizations and that can lead to strategic plan failure. To a great extent the framework offered by Downs is structural and arises from the traditional view of organizations which interprets collective decisions (such as strategic plan development and implementation) as the aggregate consequence of individual choices and decisions throughout the organization. A final factor arises not from individual administrative actions within organizations and their structures, but from the nature of institutions as this affects the "theories" they and their members hold that lead to their identification of specific strategies.

Bryson defines a strategy as, "a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it" (p. 59). While Bryson admits that this definition is a broad one, particular attention should be given to the relationship that he makes between such things as policies and programs (which seem to describe how the organization will act: means), in relation to what an organization is, does, and why it does it (which seem to describe not just the range of actions the organization will adopt, but the ends it seeks). This is not significantly dissimilar from other viewpoints concerning strategy. Ansoff, for example, defines strategy as, "an 'operator' which is designed to transform the firm from the present position to the position described by the objectives, subject to the constraints of the capabilities and the potential" (1965, p. 205), and Steiner, who reports that:

> ...in today's meaning, strategy is that which top management of an enterprise does that is of great importance to the enterprise. This is a very broad concept that includes purposes, missions, planning objectives, program strategies, and key methods to implement the strategies. (Steiner, p. 348).

In all of these definitions is the concept that strategy is intended to identify, if not become, the means by which the organization is going to achieve the ends it seeks. But how does it do so? The determination of which means are best to achieve which ends is susceptible to the same bounds discussed previously concerning decision making. The administrator cannot consider all of the possible options or deduce all of their consequences, so while rational choices can be made, they will be limited ones. This calls for the organization and its administrators to apply, consciously or not, certain "theories" they hold about the relationship between ends and means. The adoption of these theories and their application in achieving organizational ends, has real consequences.

For example, it has been argued that the War on Poverty, which was central to the Great Society programs initiated by President Johnson, was sparked by the work of Michael Harrington (1963) who considered the nature of poverty in America and offered some thoughts as to how the problem of poverty might be addressed. The work of Harrington and others provided the Johnson Administration with some theories as to how ends (the elimination of domestic poverty) could be addressed through certain means. Twenty years later, and following a review of the outcomes of the Great Society programs, Murray (1984) offered a different theory. Murray (who quotes Harrington throughout his work) argued that the Great Society programs had not only failed, but had created new and greater problems. Murray's "theory" was cited by a Republican Congress as it overturned and redirected many of the programs and policies adopted by the Johnson Administration (and a Democrat Congress) two decades previously.

The purpose of this example is not to debate the means to end poverty, but to point out that strategy is in a real way limited by the theories that organizations, their administrators, *and* their planners adopt to define the best means to achieve identified ends.

Theories are simply informed guesses as to how the world works, as their "truthfulness" can only be disproved rather than proved. In the case noted above two different theories were offered that led to two different strategies to achieve the same end. This implies a different bounding influencing planning. While the incremental decision making model offered by Lindblom would expect that not all means to achieve a desired end can be contemplated, it says little about why some organizations see the world in ways different from other, similar organizations, and therefore adopt different theories related to ends and means. One explanation may be offered by what has been called "New Institutionalism".

As previously noted, while the traditional view sees collective decisions as the sum total of individual choices, this view disregards the impact of social context and the durability of social institutions (Powell and DiMaggio, 1991, p. 2). In simple view, the organization is not just the sum of the parts, but has an influence of its own that is exerted through the choices it makes as influenced by its social construction: making it different than the sum while not greater than. This social construction is influenced by the institutions that affect it and its members. Institutions may be seen as, "regularities in repetitive interactions…customs and rules that provide a set of incentives and disincentives for individuals" (North, 1986, p. 231). The organization sees institutions as governance structures, social arrangements, cultural expectations, relational networks, and the like, that expand or contract the organization's scope-of-action and order. Institutions both "constrain the inclination and capacity of actors to optimize as well as privilege some groups whose interests are secured by prevailing rewards and sanctions" (Powell and DiMaggio, 1991, p. 11).

In having this effect, institutions effectively bound the "theories" that an organization might consider and adopt in the planning process, because the institutions influence how the organization perceives the world it inhabits. Consider, for example, how Tea Party members might approach strategy development for a state department of public aid compared to an association of social service programs providers. But this effect may be subtler than the effect of political ideology, such as that offered in the case of Herrington's and Murray's "theories" about solving the problem of poverty. Stivers (1993; 2000), for example, offers a case for how gender image and role in society has generally affected public administration as well as specific urban reform strategies. And we must also reflect on the notion, suggested by Downs, that organizations tend to hire staff who represent the existing agency's world view: its theories.

It is intuitive that strategic plans are only as good as the strategies they adopt as the "means" to achieve some strategic "ends". If these strategies arise from incorrect theories, the plan is likely to fail. But more importantly, the theories that the organization is likely to entertain are bound by influences that come from the various institutions that inhabit the organization and have an effect upon its working space. This creates a new bias (beyond the biases identified by Downs and described above) that can lead to strategic plan failure, or can limit the utility of strategic planning to a narrow range of social or cultural conventions that have influenced the organization in the past.

In Conclusion

While the comments above provide a critique of strategic planning, they are not meant to lead the reader to believe that it is an impossible task or that no benefits can arise from the effort. The proponents of strategic planning mentioned above all point to positive aspects arising from this type of planning, and case studies of successful strategic planning efforts can be found in their works. What is intended for the reader, however, is a better understanding as to why planning efforts do not always achieve their full promise, as well as an overview of some of the conditions the planner might take into account before beginning a strategic planning assignment.

Regardless of the technique or process used for strategic planning, the effort is fundamentally bound by limitations on: decision making, that arise from the inability of administrators and planners to make truly rational choices; both the planning process and plan implementation, that arise from the inherent nature of organizations and their officers; and the strategies that organizations and their officers will consider due to the effect of institutions on their world-view and, therefore, the theories about means and ends that they are willing to accept.

It is beyond the scope of this paper to identify solutions to these limitations and, given the nature of how they come about, solutions may not be possible in every case. But identifying the limits to planning is a starting point for some adjustment of planning technique intended to ameliorate the limitations if not resolve them.

For example, many of the constraints outlined above, such as the effect of internal control related to plan implementation, would seem to be more manageable when planning for a smaller, flatter organization than for a larger, more hierarchical one. Problems that arise from social constraints that affect the consideration of strategies, such as those described by Stivers, may be addressed through increased sensitivity about the impact of institutions on our planning as well as affirmative attempts to address these limitations through greater diversity when strategy formulation is considered. Limitations arising from the in-house planner being hostage to the existing world-view of the organization might be addressed through the involvement of planners from outside of the organization who are willing to test its conventions.

Janis and Mann (1977, p. 3-17) argue that for many reasons human beings are reluctant decision makers. We are often conflicted when having to make a choice. We lose sleep over them. We worry about future problems that have not presented themselves and puzzle over potential dilemmas. Therefore we try to develop tools to resolve these conflicts and make our decisions more acceptable if not enjoyable. Strategic planning is one of these tools, even if flawed, and will continue to be such a tool to ease the burden of daily decision making until some flawless tool comes along.

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